



## 3 Stocks That Could Rise or Fall as Gas Prices Shift in Autumn

### Description

The Consumer Price Index (CPI) rose 3% year over year back in July. The main contributors to the 12-month change was a 25.4% rise in gas prices and a 28.2% increase in air transportation costs. Higher fuel costs naturally contributed to the increase in costs at airlines that were passed on to passengers.

Back in late May, I'd discussed ways investors could [combat gas prices](#), which were set to increase over the summer months. The good news for drivers is that gas prices are set to drop in the fall, as gas stations switch to a winter blend. According to Gas Buddy analysts, the switch will lower fuel economy, albeit marginally. Should investors also switch up their portfolio blend in response? Let's look at three stocks that could be impacted by fuel costs going forward.

#### Air Canada ([TSX:AC](#))(TSX:AC.B)

Air Canada stock has climbed 16.9% over the past three months as of close on September 17. Shares are up 4.8% in 2018, as the company received a huge boost following the release of its second-quarter results back in July.

Air Canada reported record second-quarter operating revenues of \$4.33 billion and record unrestricted liquidity of \$5.06 billion. Leadership boasted that it achieved these results "in the face of significantly higher fuel prices." In late June, I'd discussed why airline stocks may be risky for investors due to this factor and other [economic headwinds](#).

So far, Air Canada has been able to power through negative trends and continues to impress with its most recent quarterly releases. Softer fuel prices in the fall and winter could be a boost for airlines, especially as economic growth is expected to slow into 2019.

#### Husky Energy (TSX:HSE)

Husky Energy stock has climbed 8% in a three-month span and shares are up 21% in 2018 so far. It also received a boost from its second-quarter earnings report. Funds from operations surged 69% year over year to \$1.2 billion and net earnings climbed to \$474 million, or \$0.44 per share, compared to \$10 million, or \$0.01 per share, in the prior year. The board of directors also announced a dividend

increase to \$0.125 per share, representing a modest 1.2% dividend yield.

Energy stocks have contributed to weakness on the TSX in September, and this could extend into the fall if oil and gas prices begin to soften. It may not be a terrible time to take profits at Husky before its third-quarter earnings release.

### **WestJet Airlines (TSX:WJA)**

WestJet stock has rebounded somewhat from a second-quarter earnings release. Shares are up 9% over the past month. In the second quarter, WestJet reported a net loss of \$20 million. CEO and president Ed Sims blamed “the threat of industrial action” and “the dramatic increase in fuel prices and competitive capacity” for its disappointing quarter. However, there is some positive news to glean from the summer. Early reporting suggests WestJet’s Swoop launch has been an early success and the company should benefit from falling fuel prices going forward. Investors should continue to approach airliners with caution right now, but WestJet is worth a look in the fall.

### **CATEGORY**

1. Investing

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1. Editor's Choice

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1. TSX:AC (Air Canada)

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